

# Universal Social Protection

## Universal old-age pensions in Botswana



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## BOTSWANA – UNIVERSAL OLD AGE PENSION

Botswana's social protection (SP) programmes, including its universal, non-contributory old age pension, are among the most extensive in continental Africa. At the same time, its efforts are among the least recognized. This is due in part to the country's small population; the fact that programmes are funded almost entirely from national revenues; limited published documentation; and a lack of international donor involvement. Botswana's long experience in extending social protection to its citizens deserves to be more widely known.

### Main lessons learned

- A stable and competitive political system, a consistently growing economy, carefully-managed national finances and a strongly-entrenched 'social compact' have provided highly supportive conditions for the building of Botswana's SP system over a period of 50 years, including the introduction of a universal old age pension.
- The universal pension and other SP programmes have contributed substantially to the reduction in overall levels of economic poverty and related deprivations. Extreme poverty in Botswana was reduced from 23.4 per cent in 2003 to 6.4 per cent in 2009-10. The universal pension has also contributed to the maintenance of a society with high levels of social harmony and cohesion.
- Short term responses to external shocks can also, under more broadly conducive conditions, provide impetus and opportunity for the expansion of routine SP measures.
- Institutionalizing the delivery of different SP measures within a range of government agencies has provided continuity and experience in

implementation; but could benefit further from overall strategic coordination and stronger impact evaluation.

- Recent economic pressures have led to greater emphasis on issues of efficiency as a means of boosting the sustainability of SP systems. Botswana shows that this can be done without undermining the role of universal pensions as a key pillar of an inclusive national vision based on social harmony and justice.



## The Universal Old Age Pension

Botswana's old age pension was introduced in 1996 as a universal benefit from the start. It provides a monthly cash transfer to all citizens aged 65 and above, who make up about 4.5% of the total population. The number of beneficiaries is very close to 100% of the estimated population in this age group, confirming a very high take-up. Monthly benefits are set at a level, equivalent to around US\$ 30, which is estimated at just over a third of the food poverty line. This is arguably both quite modest and sustainable.

Transfers are made by the Ministry of Local Government and Rural Development through the Department of Social Protection to Post Office accounts. The beneficiaries use smartcards to redeem their dues at any Post Office or mobile Point of Sale Device. These are quite easily accessible to a population which is mainly concentrated in large villages and towns.

Beneficiaries are verified through a national registration card or, where necessary, by local assessment committees with the assistance of the Village development Committee. The elderly who are infirm appoint a proxy to collect the cash transfer on their behalf but need to fill a Life Declaration Form every 6 months and they are assisted in their homes for this purpose.

In 2012-13 the monthly payment was raised by 15% to compensate for inflation and in that year its total cost was Pula 279 million, equivalent to some US\$ 34 million or roughly 0.2 per cent of Botswana's GDP.

## Botswana Universal State Pension: beneficiaries and expenditure

Year	Pension Beneficiaries	Benefit (Pula)	Expenditure (Pula, mil)
2009-10	96,118	220	239
2010-11	94,252	220	240
2011-12	91,385	220	249
2012-13	93,639	250	279
2013-14	98,199	250	304
2014-15	100,471	300	304
2015-16	102,323	330	394

Source: World Bank / BIDPA and Ministry of Local Government and Rural Development – Department of Social Protection

There is a 10% budgetary incremental needs every year due to the increase in the lifespan of the elderly attributed to good and free healthcare for the elderly.

## How was this achieved?

At the World Summit for Social Development which was held in March 1995 in Copenhagen, Governments reached a new consensus on the need to put people at the centre of development.

Social development emphasizes social inclusion and social integration, not only support to the needy. It covers issues such as ageing, civil society, cooperatives, disability, employment, family, indigenous peoples, poverty, social integration, social protection and youth. It builds on notions of individual and community rights and entitlements, as well as on the state's responsibilities to all its citizens.

Social protection in Botswana was built through the gradual introduction of individual measures over several decades, within a highly stable and consistently-expanding national budgetary and institutional framework. Deliberative policy-making, linked to a tradition of

village level consultations, has provided the basis for most of these initiatives.

New programmes have gradually extended coverage to additional vulnerable groups. Maternal and young child food supplements, with strong initial support from partners such as the World Food Programme, were a feature of the early years after independence in 1966. Universal primary school meals, cash-for-work programmes and support to people in destitution were adopted in the late 1970s and early 1980s. The introduction of the universal pension was followed by benefits for orphans and vulnerable children in 1999.

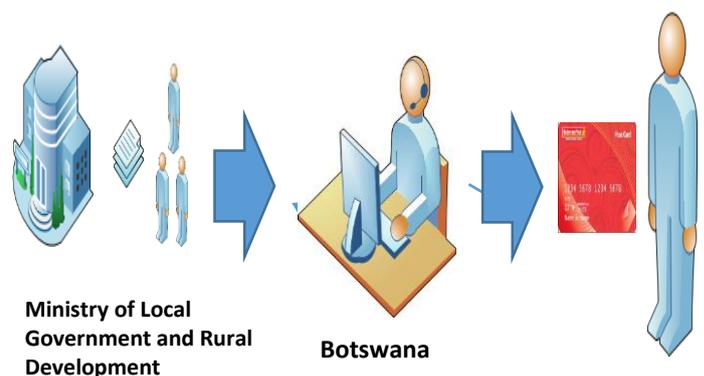
Botswana's highly stable political system, civil service continuity and the rapid growth of revenues from diamond mining all helped to provide a positive environment for the expansion of SP programmes. Prudent fiscal management and the accumulation of currency reserves have enabled the maintenance of SP commitments in times of serious economic shock, such as 2008-09, without the need for recourse to donor funding. A strong 'social compact', in which persistent wealth inequalities are balanced by redistributive and basic service programmes, aimed at achieving poverty reduction and human development Goals, has been reflected in successive national development plans and strategic 'vision' documents. Social protection (or "safety nets") has consistently been viewed by the Government as a key pillar for achieving these Goals. Periodic multi-party 'competitive bid' elections have maintained a degree of pressure on the political leadership to maintain and periodically expand the range and scale of

SP benefits. The stability of SP programmes has further been founded on their incorporation within central and local government agencies, in preference to setting up special implementing bodies.

The SP system has also evolved in the wake of external shocks and trends, such as severe droughts and the HIV/AIDS pandemic. Adoption of the old age pension specifically reflected concerns about the impact on older people of the weakening of inter-generational support traditions as younger people sought work in the cities. Botswana is notable in that grandparents and other relatives often play a direct role in the care and education of young children, particularly when parents have migrated for work. To some extent, also, Botswana's policy-makers may have drawn upon examples of near-universal pension systems in the wider southern African region, notably the national programmes in independent Namibia and post-apartheid South Africa.

### Administrative structure

The Ministry of Local Government and Rural Development through the Department of Social Protection computes a payroll every month and sends it to BotswanaPost with the equivalent payroll total cash for payment of beneficiaries countrywide.



There are Pension Officers in the districts who attend to the queries of the elderly and refers them either to Headquarter or BotswanaPost for appropriate action.

### Payment system

Payments are made through the Post Offices which have a wide network and where there are no post offices, they are made at the *Kgotlala* (Community meeting place). BotswanaPost sets payment schedules which are communicated by the *Kgosi* (Chief or local leadership) and they come on those set date to pay the elderly and beneficiaries of other cash transfers.

The Point of Sale Device uses the Biometric information of the beneficiary. At the initial registration of the beneficiary, their biometric data is captured and they have to use their finger (biometric data) as password for the release of funds.

### What are the main impacts on people's lives?

Extreme poverty in Botswana was estimated at 6.4 per cent in 2009-10, a reduction from 23.4 per cent in 2003. However, general poverty was still estimated at 19.3 per cent and stunting among young children at around 30%.

The pension and other SP programmes, complemented by drought response and recovery measures, have undoubtedly contributed substantially to the reduction in overall levels of economic poverty and related deprivations. The SP system has quite reliably directed resources towards meeting basic consumption needs and for nutritional, educational and other human

development investments. Arguably, it has also contributed to the maintenance of a society with high levels of social harmony and cohesion. However, very limited evaluation work has taken place in the sector; and the impacts for older people, their relatives and other beneficiary groups have not been rigorously assessed through either quantitative or qualitative means.

Some analysts suggest that there may be considerable scope for obtaining greater impacts for Botswana's poverty reduction and human development Goals from its existing SP spending. This could be achieved, for example, through stronger inter-agency coordination and the utilization of a unified national social protection beneficiary registry. This could facilitate impact monitoring, the introduction of more efficient delivery methods. In the case of the old age pension, however, the simple, clear and universal approach appears to deliver a modest but reliable benefit which continues to be of particular importance to recipients in the greatest need.

### What's next?

Since the global financial crisis of 2008-09, Botswana has faced several years of reduced economic growth and budgetary constraint. Botswana's diamond production capacity is also in medium-term decline. While spending on social protection is not a major component of GDP or the national budget, the intensifying fiscal pressures linked to fluctuations in diamond revenues have raised concerns around the financial sustainability of the current package of SP measures. At the same time, this is having

a positive benefit of increasing the Government's focus on issues of programme efficiency and impact.

More broadly, Botswana is now considering the ways in which the different components of its SP framework could be more tightly woven into a strategic whole. This is taking place within the wider objective of building a more coherent and effective poverty eradication strategy, supported by better data and research on the causes of poverty than exists at present.

Major policy concerns are centred on the desire to promote greater self-reliance (*ipelegeng*) among citizens who are "able to help themselves". This is balanced by the need, articulated in the national "Vision 2016" statement, to maintain a "compassionate and caring society". While these concerns may lead to adjustments in existing programmes, the greater benefits for Botswana's national objectives to eradicate poverty and improve income distribution are likely to flow from a strategic vision for Social Protection that continues to reflect the principles of consensus-seeking and social justice on which this society is based. The universal old age pension is a strong and central expression of this vision.

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*This Policy Brief was produced by Richard Morgan of Save the Children, Isabel Ortiz of ILO and Ruth Radibe of the Ministry of Local Government and Rural Development of Botswana. It was reviewed by Kagisanyo Kelobang and Loveleen De of the ILO.*

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